

Financial HARTbeat

Middle East
April 9th 2026



Good Morning,

All attention towards possible deals...settlement talks appear to be moving towards starting at a luxury hotel in Islamabad...

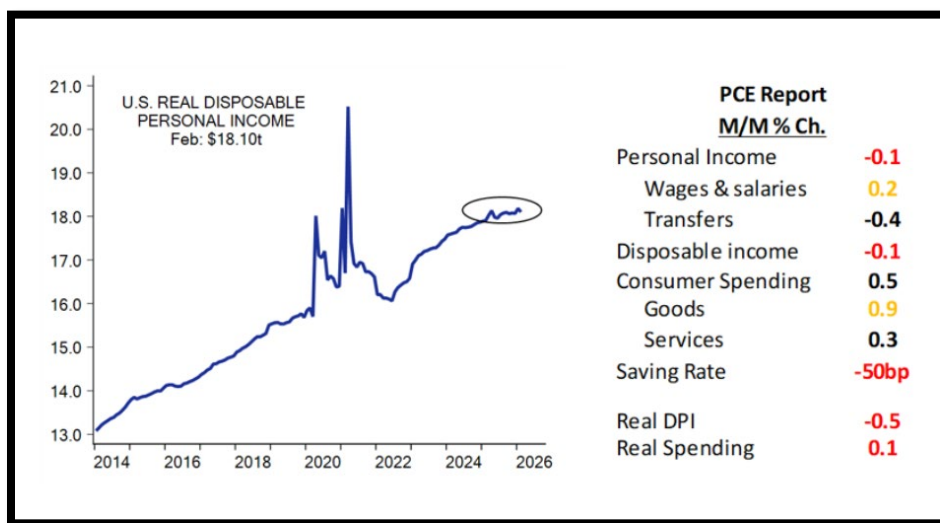
Israel bombed Lebanon and Iran says this has to be part of any negotiations...

Also...really not sure what both sides want as they appear extremely far apart..

Catch the playback of our Weekly Roundup [Click here](#)

Also, catch the playback of our Annual Outlook [Click here](#)

Chart of the Day: personal income feel and savings rate falling...how long can this last?



Evercore ISI: Daily Economic Report



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Top News

U.S. stock futures fall this morning after the indexes rallied in the previous session, as cracks emerged in the fragile Middle East ceasefire, while investors examine a key domestic inflation reading. President Donald Trump vowed to retain military assets in the Middle East until a peace deal was reached with Iran and warned of a major escalation if it failed to comply, a day after fighting in the region continued despite Tuesday's ceasefire. Tehran warned that there would be no deal unless Israel ceases bombing Lebanon.

Few signs of traffic moving through the Strait of Hormuz heightened uncertainty around energy shipments, leading to a rebound in oil prices, though they remained below \$100 a barrel. The S&P 500 and the Nasdaq posted their biggest one-day jumps in over a week yesterday, while the Dow marked its steepest rise in a year. Tomorrow's consumer prices index number for March will grab the spotlight as investors wait to see the economic impact of elevated oil prices stemming from the conflict.

Money market participants are expecting only about 30% chances of a 25 basis-point interest rate cut by end-2026, compared with a 56% chance a day ago. Data this morning showed the personal consumption expenditures price index (PCE) climbed 0.4% after an unrevised 0.3 gain in January. Economists had forecast the PCE price index rising 0.4%. In the 12 months through February, PCE inflation advanced 2.8% after increasing by the same margin in January. Excluding the volatile food and energy components, the PCE price index increased 0.4% in February, rising by the same margin for a third straight month.

In the 12 months through February, so-called core PCE inflation advanced 3.0% following a 3.1% increase in January (see chart). Futures for Canada's main stock index inch lower this morning as investors weighed developments in the Middle East, while uncertainty over the reopening of the Strait of Hormuz pushed oil prices higher. Spot gold gains nearly 1%, and silver is up about 0.4%.

A Canadian opposition legislator defected to the ruling Liberal Party yesterday, leaving Prime Minister Mark Carney on the verge of a parliamentary majority that would make it easier to push through his agenda.



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European shares pull back this morning, after their strongest rally in more than four years, as investors grow cautious about the durability of the fragile U.S.-Iran ceasefire and its implications for oil prices and global inflation. The industrial sector losses weigh the most, down about 1%. Travel, banks and technology stocks all trade in the red, after logging strong gains in previous session. The luxury sector plunges more than 2%. On the flip side, the energy sector is leading the gains.

Meanwhile, euro zone government bond yields edge higher after yesterday's sharp pullback. Though traders scaled back expectations for European Central Bank rate hikes following Wednesday's ceasefire announcement, they still anticipate two quarter-point tightening moves before year-end.

China and Hong Kong stocks closed lower today, as markets reassessed the prospects for a short-term ceasefire following renewed violence in the Middle East. Investors are awaiting China's first-quarter inflation print due tomorrow to gauge domestic demand. .

Japan's Nikkei share average retreated after a sharp rally in the previous session, as initial euphoria over a two-week fragile ceasefire in the Middle East gave way to a more cautious market outlook. An index measuring consumer mood hit a nearly one-year low of 33.3 in March, down 6.4 points from February.

Lower Gas Could Refuel Consumers (Argus)

The Bureau of Economic Analysis will provide its final estimate of 4Q Gross Domestic Product (GDP) this morning. Our narrative to accompany the updated data is that consumers are showing resilience through craftiness and sacrifice rather than with a trove of reserves. We forecast that GDP grew by 0.7% in 4Q, with consumer spending up about 2%. A consideration is that consumer spending on goods was up just 0.4% in the second update of GDP. Overall consumer spending got a lift from 2.7% growth in the steady services category. We expect modest consumer spending and strong business investment will help the U.S. economy to post 1Q growth, even with the drag from high gasoline prices in March. There are three main reasons we expect 1Q growth: low unemployment at just 4.3% for March; signs that massive investments in Artificial Intelligence have continued; and the benefit of big tax returns.



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Many Americans will be using tax refunds to offset high gas prices, rather than making discretionary purchases. We acknowledge that trying to gauge small changes in prices and output seems trivial when a war is affecting millions of lives. But we are hopeful that the current ceasefire will hold. Based on the Atlanta Fed's Nowcast on April 7, GDP is projected to grow 1.3% in 1Q, with consumer spending also growing just 1.3%. Investment in equipment is projected to rise 13.8%, helped by imports of information processing gear. Intellectual property is projected to grow 5.7%. Based on the Nowcast through April 7, these two categories were poised to add more growth than consumer spending and offset declines from homebuilding and the trade balance.

The earliest reports on March activity (payrolls, ISM manufacturing, ISM services, and auto sales), point to growth at the end of 1Q. That is good news for 2Q GDP. If the ceasefire leads to peace, lower gasoline prices could provide an important boost in the peak driving season, particularly if less-affluent consumers are spending the buffer provided by tax returns.



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Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate			Canadian Key Rate		
	Last	Change bps		Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.07%	-2.5
CDA Prime	4.45%	0.0	CDA 10 year	3.44%	-2.3
CDA 3 month T-Bill	2.29%	-0.5	CDA 20 year	3.75%	-2.5
CDA 6 month T-Bill	2.37%	0.0	CDA 30 year	3.88%	-3.0
CDA 1 Year	2.59%	0.0			
CDA 2 year	2.79%	-1.2			
US Key Rate			US Key Rate		
	Last	Change bps		Last	Change bps
US FED Funds	3.5-3.75%	0.0	US 5 year	3.90%	-1.6
US Prime	6.75%	0.0	US 10 year	4.28%	-1.2
US 3 month T-Bill	3.60%	-0.6	US 30 year	4.88%	-0.8
US 6 month T-Bill	3.71%	-1.1	5YR Sovereign CDS	40.94	
US 1 Year	3.66%	-2.7	10YR Sovereign CDS	51.59	
US 2 year	3.77%	-2.1			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			691.35	0.08%	-0.70%
BMO Laddered Preferred Shares (ETF)			12.51	0.60%	1.46%

Source: LSEG

Things are looking up! Have a great day!

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